

CONTAINER DEPOSITS IN NSW: BENEFITS FOR RETAILERS

The Model

The NSW CDS being proposed by the Boomerang Alliance (Option 4a) in brief, features a central coordinator to manage the scheme and cost recovery from the bottlers (who will have unredeemed deposits).

It does not require the bottlers to be coordinators or manage depots, nor retailers to administer the deposit/redemption system and collection infrastructure as these are managed by a central coordinator. Reverse vending machines read the barcodes to efficiently assist management of much administration and monitoring of returns and financial flows which are linked to the Coordinator. Collection and storage is managed via the RVM operator. Additionally refunds do not have to be paid in cash but vouchers that can be presented to the retailer or banked on an EFT card or donated.

Compared to the South Australian scheme it presents a simpler arrangement for those that produce beverages (which can include retailers).

Retailer costs and fees

Retailers that house a collection point reverse vending machine receive a payment for lease of space and to support administration. This has been proposed as 0.2 cents per container. Given that about 67% of containers will be handled by retailer/shopping centre RVMs, this is about \$17m per year nationally rising with consumption.¹ Sites with bigger returns will benefit most. The key cost factor is whether the shop provides collection for on-site storage when the RVM is full via the cleaner who takes it to the recycling area (the automated RVM provides a crate of compacted containers); and also for smaller rural and regional sites which will have minor space issues. Handling customer provision of redemption vouchers should not be an issue as major retailers already do this with special offers.

Increased sales

A number of overseas studies have found that when retailers have an accessible return point for used containers and deposit redemption on their site (eg a retail carpark; in a shopping centre), they benefit from increased sales and consumer traffic.

- A. 2003: Shoppers Profiling has shown that people returning their used beverage containers for deposit redemption are spending up to 52% more on their purchase compared to consumers not returning their empties² :
 - o Swedish consumers returning empties spend on the average 52% more in the store

¹ Base year of 13billion beverage sales.

² Profiling Shoppers in Norway, Finland and Holland. TNS Gallop. 2003.
Tomra, 9 maj, Shoppers Research 2012.

- In Norway, the shoppers who returned empties spent on average NOK 60,- , 17% more in the store than shoppers who did not return empties.
 - In Holland, the shoppers who returned empties spent on the average 51% or 16 Euros more in the store than the shoppers who did not return empties.
 - In Finland, the shoppers who returned empties spent on average 3 Euros / 15% more in the store than the shoppers who did not return empties.
- B. The New York Public Interest Research Group interviewed more than 1,100 people while returning bottles and cans at supermarkets for the survey, "Shop Where You Drop: A Survey of Consumer Bottle Return Habits." According to the survey, 68% of people returning bottles and cans were also shopping at the store and 81% of those shoppers said they shopped there frequently. As many as 57% of shoppers said they had chosen that particular store because of the convenience of its bottle return facilities.³
- C. In Australia 7-11 are rolling out reverse vending machines for container returns with prizes, partly on the basis that it will increase customer patronage ('capturing new and loyal customers'). Over 130,000 containers were returned in 2013.⁴ The BP Station in Katoomba recently installed a RVM linking returns to donations to the local school.

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³ · NYPIRG: Bottle Bill benefits retailers (<http://www.legislativegazette.com/Articles-Top-Stories-c-2013-02-11-82637.113122-NYPIRG-Bottle-Bill-benefits-retailers.html>) .February 11, 2013. Accessed 16/9/14

⁴ <http://www.envirobank.com.au/news/good-work-7-eleven>. Accessed 16/09/14

Recycling that pays

7-Eleven is paving the way for innovative sustainability practices via its partnership with Envirobank, through which reverse vending machines (RVM) are placed in stores.

Customers simply place an empty container for recycling into the RVM, which is scanned and, if the item is accepted, is swallowed and crushed before the system dispenses a redemption voucher offering discounts and rewards in-store and externally.

The outcome is that the customer is educated about what is recyclable and rewarded when they recycle the correct waste. The domino effect is that waste becomes renewable and communities feel positive about their contribution to the environment.

Last year's pilot proved so successful for 7-Eleven that people travelled from other locations to use the Envirobanks, with random prizes including iPads and iPods as well as discounts on 7-Eleven products. The convenience chain is currently rolling out 100 of the recycling machines.

Even though the Envirobank solution pays for itself by capturing new and loyal customers, 7-Eleven is keen to point out that the initiative's objective was not to make money.

"We're not in it to make money," Tam McQuinlan from 7-Eleven said. "We see it as our responsibility to demonstrate our commitment to the community and the environment and this initiative helps us deliver on that." ●

